

Testimony: LD 1562
Public Hearing, April 20, 2023, 1 pm

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Portland, Maine

Good afternoon, members of the Labor and Housing Committee. Thank you for the opportunity to address you today at a critical juncture for the business community in Maine and beyond, as well as all the citizens who interact with it. I am here today to voice my strong opposition to LD 1562.

I'm a co-founder of Luke's Lobster. We're a vertically integrated seafood company that buys directly from fishermen, runs our own production facility, and operates a group of restaurants in Maine and a branded grocery business around the country. We process about 5 million pounds of lobster per year, and we employ 250 Mainers and over 400 people nationwide.

Luke's is the highest scoring Certified B Corp seafood company in the world. That means that we've proven with hard evidence that we've created a positive impact on our workers, community, environment, and customers. Institutional investors have chosen to consider these positive impacts when determining what our business is worth. They know that history has shown that companies who perform well in these impact areas also typically outperform their competitors financially in the medium and long term and are therefore better investments. This has propelled our growth and profit while allowing us to double down on the positive impact we have on our community. It's a virtuous cycle that has allowed us to make Maine stronger.

LD 1562 would ban that virtuous cycle. Here are a few examples of what our business looks like now, with the free market controlling investing decisions, versus what it would look like if ESG considerations were banned under LD 1562:

- Today, Luke's Lobster pays fishermen the highest price we can afford for their catch and creates predictable volume-based bonus programs for fishermen to reward them for our mutually beneficial relationship. This creates a long term dependable supply for us to operate our business. LD 1562 would incentivize us to pay fishermen as little as possible and to buy only enough lobster that we can avoid paying those bonuses because we'd pocket more profit this year, and that's all investors would be allowed to consider.
- Today, Luke's Lobster pays its employees industry-leading wages and provides great benefits so that our teammates get what they deserve, live healthy and comfortable lives, and continue to work with us so we aren't constantly needing to hire and train new people. It also minimizes their need for taxpayer funded resources. LD 1562 would require us to pay our team as little as possible and minimize benefits because we'd profit more this year, and that's all investors would be allowed to consider.
- Today, Luke's Lobster analyzes our energy efficiency and emissions we create, and finds innovative new tools and technologies to run more efficiently and reduce emissions throughout for ourselves and our suppliers, because we know that climate change is warming the Gulf of Maine rapidly, and if we don't all reduce emissions there will be no more lobster for us to buy here in Maine. Not to mention our energy efficiency will save

us money in the long term. LD 1562 would incentivize us to avoid any up front expenditures to create long term sustainability of the natural resources we rely on, because using the cheapest energy and reducing cash spend would mean we'd pocket more profit this year, and that's all investors would be allowed to consider.

- Today, Luke's Lobster is paying more for disposable goods than it paid a few years ago, because we discovered the cheaper disposable goods contained PFAS which is poisoning Maine farms as it sits in landfills and leaches chemicals into our water, which is costing taxpayers untold sums to mitigate. LD 1562 would incentivize us to continue to use the cheapest disposable goods and allow them to pile up in landfills because that would mean more profit this year, and that's all investors would be allowed to consider.
- Today, Luke's Lobster donates money and helps fundraise for the Maine Lobstermen's Association and Maine Coast Fishermen's Association to make sure our fishing communities are strong and resilient. LD 1562 would incentivize us to keep that money and fundraising effort for ourselves because that would mean more profit this year, and that's all investors would be allowed to consider.

All of the above decisions make us *more* profitable in the long term, because they create a stable business environment in which we can rely on our suppliers and our team to be with us for the long haul; because they make our customers *want* to support us; because they preserve a natural resource that needs to be healthy for us to continue to source the food we serve. Without this type of decision making over the last 13 years, my business would have failed.

But if along the way investors were pushing us to operate solely to maximize that year's profit, with no consideration for environmental, social or governance risks, we may very well have had to take that path and follow it to ruin. Considering environmental, social, and governance factors in your business is synonymous with smart long term financial strategy. Folks who ignore these considerations do so at their own peril, and the peril of their investors.

The free market has acknowledged this fact, and investors have embraced this type of analysis to bolster returns for their clients. And now that big multinational corporations that harm our community and environment are losing dollars to businesses that want to help the communities and environments where they live and work, they're asking our government to manipulate the free market and tilt the scales in their favor.

It makes no sense to be stridently against regulating business when those proposed regulations ban something that harms our society or economy, like predatory lending or poisoning drinking water, and then line up in favor of regulating business when the regulations ban investing in things that strengthen our society and economy, like fair pay to employees and suppliers, or reducing the strain on Maine's electrical grid.

LD 1562 is that rare bill that offends both conservative and liberal values equally. It's undermining the free market, hurting taxpayers, and doing so to advantage harmful businesses over helpful ones.

We cannot fall for this cynical lobbyist play. If you vote for LD 1562 you will be voting to prop up businesses that harm our state rather than help it, even if the long term financial returns for investors are worse. Please vote this bill down and protect Maine's community business values, and the health of our communities, natural resources, and retirement accounts.